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September 15, 2006

Mrs. Blanca S. Bayó
Director, Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Docket No. 060476-TL: Petition by BellSouth Telecommunications,
Inc. to Initiate Rulemaking to Amend Rules 25-24.630(1) and 25-
24.516(1), Florida Administrative Code**

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s (*Redacted*) Post Workshop Comments on Proposed Amendments to Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, which we ask that you file in the captioned docket. A confidential version of the same comments will be filed under separate cover.

Sincerely,


Manuel A. Gurdian

cc: All Parties of Record
Jerry D. Hendrix
E. Earl Edenfield, Jr.
James Meza III

DOCUMENT NUMBER-DATE

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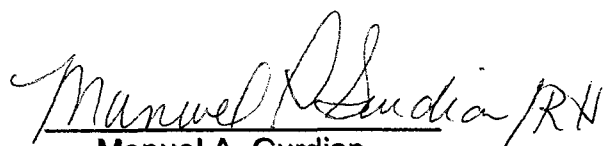
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE
Docket No. 060476-TL

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Electronic Mail and First Class U. S. Mail this 15th day of September, 2006 to the following Parties of Records and Interested Persons:

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Manuel A. Gurdian

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by BellSouth Telecommunications,)	Docket No.: 060476-TL
Inc. to Initiate Rulemaking to Amend Rules)	
25-24.630(1) and 25-24.516(1), Florida)	
Administrative Code)	
_____)	September 15, 2006

**BELLSOUTH TELECOMMUNICATIONS, INC.'S POST-WORKSHOP
COMMENTS ON PROPOSED AMENDMENTS TO RULES 25-24.630(1) AND
25-24.516(1), FLORIDA ADMINISTRATIVE CODE**

BellSouth Telecommunications, Inc. ("BellSouth") submits the following post-workshop comments in the above-captioned docket. As will be established below, the Florida Public Service Commission ("Commission") should amend the current limitations set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, (collectively "the Rules"), by eliminating the limitations entirely for local exchange telecommunications companies and intrastate interexchange telecommunications companies or, in the alternative, set the allowable charges to a level that the competitive market will bear. In support thereof, BellSouth submits the following comments:

I. Operator Services Calls

Operator services calls cover the following four types of calls: (a) Calls originating from payphone provider lines; (b) Calls originating from other than payphone provider lines; and (c) Operator Dialed calls.

A. Calls Originating From Payphone Provider Lines

Calls originating from payphone provider lines involve station-to-station calls which are customer dialed via a calling card; operator assisted sent-paid, collect, third

number and non-customer dialed credit card calls; or person-to-person operator assisted calls.

B. Calls Originating From Other Than Payphone Provider Lines

Calls originating from other than payphone provider lines involve station-to-station calls which are customer dialed via a calling card; operator assisted sent-paid, collect, third number and non-customer dialed credit card calls; or person-to-person operator assisted calls.

C. Operator Dialed Calls

Operator Dialed calls are station-to-station operator assisted or person-to-person operator assisted calls, excluding calls billed to calling cards, where the operator dials the terminating number.

II. Operator Services Is Competitive

A. Federal And State Statutory Authority

47 U.S.C. § 226(a)(7) defines “operator services” as “any interstate telecommunications service initiated from an aggregator location that includes, as a component, any automatic or live assistance to a consumer to arrange for billing or completion, or both, of an interstate telephone call.” Similarly, Florida Statutes § 364.02 (11) provides that “Operator Service” includes, but is not limited to, billing or completion of third party, person-to-person, collect, or calling card or credit card calls through the use of a live operator or automated equipment. An “Operator Services Provider” is defined as a person who furnishes operator service through a call aggregator.¹ See Florida Statutes § 364.02 (12).

¹ Rule 25-24.610, Florida Administrative Code, defines a “call aggregator” as “any person or entity that provides telecommunications service to the transient public. Some examples of call aggregators are

The provision of operator services in Florida is dealt with in Florida Statutes § 364.3376. Specifically, subsection (3) provides that “[f]or operator services, the commission shall establish maximum rates and charges for all providers of such services within the state”; however, subsection (1)(b) provides that “[t]his section does not apply to operator services provided by a local exchange telecommunications company or by an intrastate interexchange telecommunications company, except as required by the commission in the public interest.”

Without the rate limitations referenced below, because Operator Services is a non-basic service, Florida Statutes § 364.051(5)(a), would limit price increases by price-regulated local exchange companies for any non-basic category to 6% or 20% within a 12-month period, depending on whether or not there is another carrier providing local telecommunications service in a given exchange.

B. Rule 25-24.516 Pay Telephone Rate Caps

Rule 25-24.516(1)(a)-(g), Florida Administrative Code, requires that rates charged an end user by a pay telephone provider, providing operator service within the pay telephone premises’ equipment, shall not exceed the following:

- Local coin calls – the rate posted at the pay telephone station;
- Extended area service (EAS) coin calls – a rate equivalent to the local coin call rate;
- Extended calling scope (ECS) calls – the rate equivalent to the local coin rate;
- 0+ toll non-person-to-person – a maximum rate of \$.30 per minute, plus a \$1.75 charge;
- 0+ toll person-to-person – a maximum rate of \$.30 per minute, plus a \$3.25 charge;

hotels, motels, resort condominiums, transient apartments, and rooming houses. See Rule 25-24.610(1)(a)(1)-(13), Florida Administrative Code.

- 0+ non-person-to-person local – a rate equivalent to the local coin rate, plus a \$1.75 charge; and
- 0+ person-to-person local – a rate equivalent to the local coin rate, plus a \$3.25 charge.

C. Rule 25-24.630 Rate And Billing Requirements

Rule 25-24.630(1)(a)-(b), Florida Administrative Code, requires that services charged and billed to an end user by an operator services provider for an intrastate 0+ or 0- call made from a pay telephone or in a call aggregator context shall not exceed a rate of \$.30 per minute plus the applicable charges for the following types of calls: a person to person call – a charge of \$3.25 and a call that is not person to person – a charge of \$1.75.

D. FPSC Recognizes That Operator Services Is Competitive

The Commission recognizes that operator services are “some of the most competitive” of services. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL to consolidate number of non-basic service categories By Verizon Florida Inc.*, Docket No. 050294-TL, Order No. PSC-050602-PAA-TL at p. 3 (Issued June 1, 2005)(“We also find that Verizon’s request to combine Toll Services, Operator Services, and Transport Services is logical since these types of services are recognized as being some of the most competitive.”). Moreover, the Commission has found that operator services “face competitive pressures” and that there are a “plethora of alternatives” in the marketplace. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL and request to establish modified price regulation categories by BellSouth Telecommunications, Inc.*, Docket No. 041213-TL, Order No. PSC-05-0184-PAA-TL at p. 3 (Issued February 17, 2005)(“These listing services do not face competitive pressures like those found with toll, operator, and transport services, where there are a plethora of alternatives.”).

E. FCC Recognizes That Operator Services Is Competitive

The Federal Communications Commission (“FCC”), in its UNE Remand Order, recognized that operator services are competitive. *See In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC RCD 3696 (1999) (“UNE Remand Order”).* “The record provides significant evidence of a wholesale market in the provision of OS/DA services and opportunities for self-provisioning OS/DA services.” *See id. at ¶ 441.* “The record demonstrates that a variety of alternative providers of OS/DA offer services at comparable cost and quality to those of the incumbents.” *See id. at ¶ 446.* “Competition in the provision of operator services and directory assistance has existed since divestiture.” *See id. at ¶ 447.* “It appears that this increasing availability of competitive OS/DA providers coincides with a decrease in incumbent LEC OS/DA call volumes. Evidence in the record indicates that call volumes to incumbent OS/DA services have declined steadily over the past few years.” *See id. at ¶ 449.* “There are a substantial number of regional and national alternative providers of OS/DA service that are serving a variety of customers, including some incumbent LECs and IXCs. . . we find that these alternative sources of OS/DA service are available as a practical, economic and operational matter.” *See id. at ¶ 464.*

In 2003, the FCC again recognized that operator services are competitive. *See In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket Nos. 01-338; 96-98 and 98-147, 18 FCC*

Rcd 16978, (2003). “We also reject the arguments of some parties that we should require incumbent LECs to provide unbundled access to Operator Services and Directory Assistance (OS/DA), contrary to the Commission’s finding that there was no impairment in the *UNE Remand Order*.” *See id.* at ¶ 560. “Moreover, we deny the Petition for Reconsideration . . . arguing that the Commission should reconsider its prior decision to remove OS/DA from the UNE list.” *Id.* “As the Commission concluded in the *UNE Remand Order*, there are multiple alternative providers of OS/DA that are available to competitive carriers and offer a level of quality similar to that of the incumbent LECs’ services.” *Id.*

F. There Are Numerous Competitive Alternatives In Florida

Operator Services is a highly competitive market in the State of Florida because end users have numerous competitive alternatives when they decide to make an operator assisted call. For example, when an end user makes a 0+ local or intralata toll call, that call is automatically routed to the carrier that has been designated as the local PIC or “LPIC”; however, the end user has the ability to use the following alternatives:

Dial around services (access codes and toll free numbers)

Prepaid calling cards (there are many carriers and retail outlets that sell the cards)

Wireless substitution (many wireless rate plans are not constrained by distance or LATA boundaries)

Prepaid cell phones

Voice over Internet Protocol (VOIP) services

Interactive paging and instant messaging

Internet (email)

Staff at the Workshop expressed concern that persons in confinement facilities have no reasonable alternatives available to them. BellSouth has no objection to a provision in the amended rules where confinement facilities are carved out and the appropriate rate cap applied.

G. Decline In Operator Services Call Volume Evidences That There Is Competition In Florida

Operator Services was originally established to help customers complete long distance calls and to provide alternative billing options for completing calls for the following types of calls: collect, third number billing, calling card or credit card. However, Operator Services has now evolved into more of a “help desk” function, where customers call and inquire on how to perform the following functions: contact repair services, the business office, or their long distance carrier or how to navigate through automated systems. BellSouth has found that there are fewer call completion requests and that one out of every seven calls is a billable call. Moreover, operator services call volume has declined steadily since 2002 and is expected to continue to decline as personal communication continues to move towards an environment where wireless, broadband and voice over internet protocol becomes the norm. The chart below illustrates how BellSouth’s operator services call volume² has declined [REDACTED] since 2002.

² The call volume referenced in the chart below includes the following: calls originating from payphone provider lines; calls originating from other than payphone provider lines; operator dialed calls; and zero minus charge calls.

Florida	2002	2003	2004	2005	2006*	% decline 2002-2006
Call volume						

*2006 Call volume projected using July 2006 run rate.

Specifically, with regard to the decline of payphone operator assisted calls, the chart below illustrates how the volume has decreased dramatically since 2002.

Payphone OA Call Volume

Florida	2002	2003	2004	2005	2006*	% decline 2002-2006
Operator Calls						
Mechanized Calls						
Total						

H. Florida Is Only State Where BellSouth's Rates Are Capped

In BellSouth's nine state region, Florida is the only state where BellSouth's operator service rates are capped. The chart below illustrates the rates that BellSouth is currently charging in its nine state region.

	BellSouth Retail Operator Services Surcharges									
	Other Line Origination FL	PSP line Origination FL	AL	GA	KY	LA	MS	NC	SC	TN
Local Surcharges										
Station to Station										
- Customer dialed CC	\$1.00	\$1.75	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$0.95	\$1.00	\$1.25
- Operator Assisted	\$2.00	\$1.75	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$1.40	\$2.50	\$2.50
Person to person	\$3.50	\$3.25	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$2.52	\$5.00	\$5.00
Operator dialed	\$1.25		\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	NA	NA	NA
Zero Minus Charge	\$1.25		\$0.95	\$1.25	\$1.25	\$1.25	\$1.14	NA	\$1.25	NA
Toll Surcharges										
Station to Station										
- Customer dialed CC	\$1.00	\$1.50	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.25
- Operator Assisted	\$2.00	\$1.75	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Person	\$3.50	\$3.25	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Operator dialed	\$1.25		\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	NA	NA	NA
NA = not available in this state										
MS zero minus rates to be effective 11-01-2006; TN rates to be effective 10-01-2006										

I. Numerous Competitive Providers Exist In Florida

There are no substantive barriers to entry into the Operator Services market in the state of Florida. Every wireless/pcs provider, local exchange carrier, competitive local exchange carrier, and interexchange carrier in the state of Florida is providing operator services or is technically capable and could easily provide operator service.

J. Current Level of Charges and Rates Are Outdated

The current level of allowable charges and rates has been in place for over seven years. The telecommunications industry, technology, and competition have changed dramatically since the allowable level of charges and rates were established. BellSouth believes that in the current competitive environment of many alternatives and providers, the allowable level of charges contained in the Rules are outdated.

K. Rule 25-24.630 Should Not Apply To Services Billed For Calls Made In A Call Aggregator Context

BellSouth believes Rule 25-24.630, Florida Administrative Code, should not apply to services charged and billed to an end user by an operator services provider for an intrastate 0+ or 0- call made in a call aggregator context. BellSouth believes that end users who stay in hotels, resort condominiums, rooming houses, etc. as outlined in Rule 25-24.610 (1)(a)(1)-(13), Florida Administrative Code, have numerous available alternatives. These end users are not captive to the presubscribed provider and can use wireless services, prepaid calling cards, etc. as alternatives.

III. Conclusion

In conclusion, BellSouth respectfully submits that it is no longer in the public interest for the commission to require local exchange companies and intrastate interexchange telecommunications companies to comply with Florida Statutes §

364.3376 because operator services is a competitive market. In addition, Florida Statutes § 364.051(5)(a), limits price increases by price-regulated local exchange companies for any non-basic category to 6% or 20% within a 12-month period, depending on whether or not there is another carrier providing local telecommunications service in a given exchange. Furthermore, BellSouth believes that in the current competitive environment, the Commission can and should make a determination that the statutory mandate that the Commission establish "maximum rate and charges" means the rate which the competitive market will allow in Florida.

Accordingly, based upon the foregoing, BellSouth respectfully requests that the Commission amend the current limitations set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, by eliminating the limitations entirely for local exchange telecommunications companies and intrastate interexchange telecommunications companies or, in the alternative, set the allowable charges to a level that the competitive market will bear. In addition, BellSouth requests that the Commission amend Rule 25-24.630, Florida Administrative Code, in order that it not apply to services charged and billed to an end user by an operator services provider for an intrastate 0+ or 0- call made in a call aggregator context.

Respectfully submitted this 15th day of September, 2006.

BELLSOUTH TELECOMMUNICATIONS, INC.

Handwritten signature of James Meza III in cursive, followed by the initials "RH" in a stylized font.

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